

Message Text

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SUBJ: RECENT VERMONT ACTIVITIES IN QUEBEC

1. VERMONT ACHIEVED SOME NOTORIETY LAST WEEK IN QUEBEC, WITH THE PUBLICATION IN MONTREAL OF A NEWS ITEM DATED MONTPELIER, VERMONT, ANNOUNCING THE START OF "A DRIVE TO LURE QUEBEC FIRMS" TO THAT STATE.

2. THE NEWS ITEM, PUBLISHED IN THE GAZETTE APRIL 19, QUOTES ELBERT MOULTON, DEVELOPMENT COMMISSIONER OF THE STATE OF VERMONT AS SAYING THAT THAT STATE'S DEVELOPMENT AND COMMUNITY AFFAIRS AGENCY WILL OPEN A NEW OFFICE, IN MONTREAL, IN MAY, CONCURRENTLY WITH THE BEGINNING OF A \$15,000, THREE-MONTHS ADVERTISING CAMPAIGN AIMED AT "LURING BUSINESS FROM THE UNCERTAIN POLITICAL AND ECONOMIC CLIMATE OF QUEBEC". SOME \$65,000 IN FEDERAL ECONOMIC DEVELOPMENT ADMINISTRATION FUNDS (SUPPLIED TO THE STATE OF VERMONT, VIA THE NEW ENGLAND REGIONAL DEVELOPMENT COMMISSION) WERE ALSO REPORTED BY THE PRESS TO BE EARMARKED FOR THE OPERATION OF VERMONT'S NEW OFFICE IN MONTREAL.

3. VERMONT'S NEWLY-APPOINTED SECRETARY OF ECONOMIC DEVELOPMENT, ARTHUR KREIZEL, HAS SELECTED PAUL DOLISIE, A FRENCH-BORN CANADIAN RESIDING IN MONTREAL, (WITH SUMMER HOME IN STOWE, LIMITED OFFICIAL USE

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VERMONT), TO REPRESENT THE STATE OF VERMONT ON A PART-TIME BASIS. WE UNDERSTAND APPOINTMENT IS FOR AN INITIAL FOUR MONTH TRIAL PERIOD. DOLISIE IS SAID TO BE FROM A WELL-TO-DO FRENCH FAMILY (OWNERS AND FOUNDERS OF AIR LIQUIDE IN FORMER FRENCH EQUATORIAL AFRICA) WHICH HAS CLOSE CONNECTIONS WITH MONTREAL'S RARIFIED AND MONEYED INNER CIRCLE OF FRENCH, ANGLO AND JEWISH FAMILIES.

4. ON FRIDAY, APRIL 22, CURTIS LAMOREY, FORMER INDUSTRIAL REPRESENTATIVE OF VERMONT'S AGENCY OF DEVELOPMENT AND COMMUNITY AFFAIRS, INFORMED US THAT THE GOVERNOR OF VERMONT, RICHARD SNELLING, HAD RECEIVED A COMPLAINT FROM THE GOVERNMENT OF QUEBEC REGARDING VERMONT'S ACTIVITY IN THIS PROVINCE AND THAT HE WAS CALLED TO THE GOVERNOR'S OFFICE ON THAT AFTERNOON, AMONG OTHER REASONS, TO BRIEF THE GOVERNOR ON DEVELOPMENTS IN QUEBEC. ACCORDING TO LAMOREY, SNELLING NOT ONLY DID NOT SEEM UNDULY CONCERNED BY QUEBEC'S COMPLAINT, BUT HAD CONCURRED WITH LAMOREY'S VIEW THAT THE STATE SHOULD CONTINUE WITH A POSITIVE PROGRAM OF SEARCHING FOR GOOD CANADIAN INVESTMENT PROSPECTS FOR THE STATE OF VERMONT. LAMOREY ALSO POINTED OUT TO THE GOVERNOR THAT THE PROVINCE OF QUEBEC, THROUGH ITS FOREIGN (U.S. AND EUROPEAN) TRADE AND INFORMATION OFFICES, WAS ENGAGED IN EXACTLY THE SAME KIND OF ACTIVITY IN AN EFFORT TO ATTRACT TRADE AND INDUSTRY TO THIS PROVINCE.

5. LAMOREY ALSO SAID MONTREAL'S FRANCOPHONE LA PRESSE WAS SENDING A REPORTER TO VERMONT TO INTERVIEW BOTH THE GOVERNOR AND ELBERT MOULTON ON THE MATTER OF VERMONT'S DRIVE TO ATTRACT QUEBEC INDUSTRY, AND THAT THE VERMONT EDUCATIONAL TV STATION WOULD BE DOING A SPECIAL FEATURE ON THE CURRENT BUSINESS UNREST IN QUEBEC.

6. COMMENTS: WE HAVE BEEN UNABLE TO DETERMINE WHICH QUEBEC GOVERNMENT OFFICE COMPLAINED TO GOVERNOR SNELLING.

7. WE DO NOT FIND VERMONT'S ACTIVITIES TO BE UNDULY OUT OF LINE LIMITED OFFICIAL USE

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WITH THE ONGOING ACTIVITIES OF OTHER STATES AND PRIVATE ORGANIZATIONS (TRADE MISSIONS, ETC.) IN THIS AREA. BOTH LAMOREY AND MOULTON HAVE PRIVATELY ASSERTED TO US THAT THE STATE PLANS TO KEEP ITS INVESTMENT ACTIVITIES LOW-KEYED RATHER THAN AGGRESSIVELY SEEK AN ALL-OUT TRANSFER OF FIRMS AND INVESTMENTS FROM QUEBEC, AS THE GAZETTE ARTICLE SEEMED TO IMPLY.

8. WE HAVE CONSIDERABLE DOUBTS ABOUT THE PART-TIME APPOINTMENT OF DOLISIE AS THE INDUSTRIAL REPRESENTATIVE OF VERMONT IN QUEBEC, PARTLY BECAUSE IT COULD EASILY AMOUNT TO A VERMONT SUBSIDY OF DOLISIE'S REAL ESTATE VENTURES WHICH, UNTIL NOW, HAVE NOT BEEN SUCCESSFUL. IN ADDITION, DOLISIE HAS PRIVATELY INFORMED US THAT HE IS FEARFUL OF RETALIATORY MEASURES WHICH THE PROVINCE OF QUEBEC MIGHT TAKE AGAINST HIM OR HIS REAL ESTATE FIRM BECAUSE OF HIS INVOLVEMENT WITH VERMONT'S INDUSTRIAL DEVELOPMENT PROGRAM.

9. THE FACT THAT THE U.S. GOVERNMENT IS THE SOURCE OF \$65,000 OF THE FUNDS TO BE USED BY VERMONT IN ITS PROGRAM OF LOCATING

QUEBEC FIRMS INTERESTED IN MOVING OR EXPANDING TO THAT STATE, SEEMS NOT TO HAVE BEEN NOTICED BY QUEBEC AUTHORITIES. HOWEVER, THE DEPARTMENT MAY WISH TO KEEP THIS SOURCE OF FUDNING IN MIND SHOULD VERMONT'S ACTIVITIES CAUSE LARGER WAVES AT A LATER DATE.

10. ACCORDING TO MOULTON, GOVERNOR SNELLING INFORMED BOTH THE DEPARTMENT OF STATE AND THE CANADIAN EMBASSY, SEVERAL WEEKS AGO, OF THE INTENTION OF THAT STATE TO OPEN AN OFFICE IN MONTREAL FOR PURPOSES OF TRADE AND INVESTMENT (VERMONT ALREADY HAS A TOURIST OFFICE).

11. FINALLY, AS NOTED EARLIER, VERMONT IS NOT THE ONLY OFFICE TO STEP UP ITS ACTIVITIES HERE. NEW YORK REOPENED ITS INDUSTRIAL DEVELOPMENT OFFICE SEVERAL MONTHS AGO, AND BOTH NEW HAMPSHIRE AND MAINE ARE REGULARLY SENDING INDUSTRIAL AND TRADE REPRESENTATIVES TO THIS PROVINCE, A PRACTICE WHICH THEY HAVE FOLLOWED FOR SEVERAL YEARS, BUT NOW WITH MORE INTENSITY. AMONG OTHER NEW LIMITED OFFICIAL USE

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GROUPS ACTIVELY SEEKING THE EXPANSION OR RELOCATION OF CANADIAN COMPANIES TO NORTHERN NEW ENGLAND ARE THE NORTHERN COMMUNITY INVESTMENT CORP. OF ST. JOHNSBURY, VERMONT (NCIC IS A NON-PROFIT COMMUNITY EFFORT PARTLY FINANCED WITH FEDERAL FUNDS), AND THE WINOOSKI/BURLINGTON COMMUNITY DEVELOPMENT CORPORATION. HARPER

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